

# GREATER GABBARD OFTO PLC

## **Separation and Independence of the Transmission Business Compliance Statement**

**8<sup>th</sup> June 2022**

Prepared pursuant to Amended Standard Condition E12 – C2 (Separation and Independence of the Transmission Business) of the Offshore Electricity Transmission Licence and the consent issued by the Gas and Electricity Markets Authority under paragraphs 4(b)(i) and 4(b)(ii) of Amended Standard Condition E12 – C2 of the Offshore Electricity Transmission Licence granted to Greater Gabbard OFTO plc (registered in England and Wales with number 08180541) whose registered office is at 200 Aldersgate Street, 3<sup>rd</sup> Floor, London, England, EC1A 4HD under Section 6 of the Electricity Act 1989.

### Contents Page

1	Introduction and purpose.....	3
2	Authority consent.....	4
3	Managerial and operational independence (Amended Standard Condition E12-C2) .....	5
4	Conduct of the Transmission Business (Amended Standard Condition E12-C1) .....	8
5	Prohibition of Cross-subsidies (Standard Condition E6) .....	10
6	Restriction on Activity and Financial Ring Fencing (Standard Condition E7).....	11
7	Monitoring, responsibility and reporting.....	12
8	Investigation of complaints regarding compliance with this Statement .....	13
9	Approval .....	14
	Appendix I – Compliance Policy .....	15

### Previous Issues

Issue	Date	Description
1	06.01.14	Board Sign Off
2	31.03.16	Board Sign Off
3	31.03.17	Board Sign Off
4	31.03.18	Board Sign Off
5	31.03.19	Board Sign off
6	08.06.22	Board Sign Off

### 1 Introduction and purpose

- 1.1 This Separation and Independence of the Transmission Business Statement of Compliance (“the Statement”) has been prepared to secure compliance with paragraphs 1, 2 and 4 of Amended Standard Condition E12 – C2 (Separation and Independence of the Transmission Business) of the Offshore Electricity Transmission Licence (“the Licence”) held by Greater Gabbard OFTO plc (“GG OFTO”).
- 1.2 The purpose of this Statement is to describe the practices, procedures and systems which GG OFTO has adopted to secure compliance with its obligations under:
- Amended Standard Condition E12 – C1: Conduct of the Transmission Business;
  - Standard Condition E6: Prohibition of Cross-subsidies; and
  - Standard Condition E7: Restriction on Activity and Financial Ring Fencing;
- of its Licence (together, “the Conditions”).
- 1.3 Additionally, the Statement sets out how GG OFTO shall comply with the requirements of the Amended Standard Condition E12-C2, whereas GG OFTO shall:
- 1.3.1 maintain appropriate managerial and operational independence of GG OFTO in undertaking its activities under its Licence, from any associated business;
- 1.3.2 except in so far as the Gas and Electricity Markets Authority (“the Authority”) consents to GG OFTO not doing so, ensure that:
- no business of GG OFTO (or of any affiliate or related undertaking of GG OFTO), other than the transmission business or any external transmission activities, may use or have access to:
    - (i) premises or parts of premises occupied by persons engaged in, or engaged in respect of, the management or operation of the transmission business or any external transmission activities;
    - (ii) systems for the recording, processing or storage of data to which persons engaged in, or engaged in respect of, the management or operation of the transmission business or any external transmission activities also have access;
    - (iii) equipment, facilities or property employed for the management or operation of the transmission business or any external transmission activities; or
    - (iv) the services of persons who are (whether or not as their principal occupation) engaged in, or in respect of, the management or operation of the transmission business or any external transmission activities;
  - it can and does, insofar as it is legally possible, prevent any person who has ceased to be engaged in, or in respect of, the management or operation of the transmission business from being engaged in, or in respect of, the activities of any other business of GG OFTO (or of any affiliate or related undertaking of GG OFTO) until the expiry of an appropriate time from the date on which he ceased to be engaged by the transmission business.
- 1.4 GG OFTO is required to revise this Statement when circumstances change such that this Statement no longer secures compliance with the Conditions.
- 1.5 Any revisions to this Statement shall only become effective once the Authority has approved the revised Statement and once approved, this Statement may only be revised with the approval of the Authority.

## 2 Authority consent

- 2.1 With regard to section 1.3.2, the Authority has issued consent under paragraph 4(b)(i) of Amended Standard Condition E12-C2 of the Licence granted under Section 6 of the Electricity Act 1989 to GG OFTO to allow associated businesses of GG OFTO, to use and have access to:
- premises or parts of premises occupied by GG OFTO;
  - systems of GG OFTO for the recording, processing or storage of data;
  - equipment, facilities and property employed by GG OFTO; and
  - services of persons who are engaged by GG OFTO,
- for the purpose of the management or operation of the transmission business.
- 2.2 GG OFTO has also obtained consent from the Authority under paragraph 4(b)(ii) of Amended Standard Condition E12-C2 to enable any person who ceases to be engaged in the management or operation of the transmission business to be engaged in, or in respect of, the activities of any other business of GG OFTO or any affiliate or related undertaking of GG OFTO specified in paragraph 2.4, notwithstanding the expiry of an appropriate time from the date on which that person ceased to be engaged by the transmission business.
- 2.3 A copy of the Authority's consent under amended standard licence condition E12-C2 is published here: <https://www.ofgem.gov.uk/node/73629/view>
- 2.4 For the purpose of the above the Authority's consent is provided in respect of the GG OFTO's two shareholders: Equitix Fund II LP and Equitix Fund IV LP and each of their affiliates and related undertakings except any affiliate or related undertaking which is or becomes authorised under the Electricity Act 1989 to generate, supply, or coordinate or direct the flow of electricity. Please refer to the corporate structure of GG OFTO below.
- 2.5 Such consent would cease to have effect in relation to an associated business of GG OFTO should that undertaking become authorised under the Electricity Act 1989 to generate, supply, or coordinate or direct the flow of electricity.

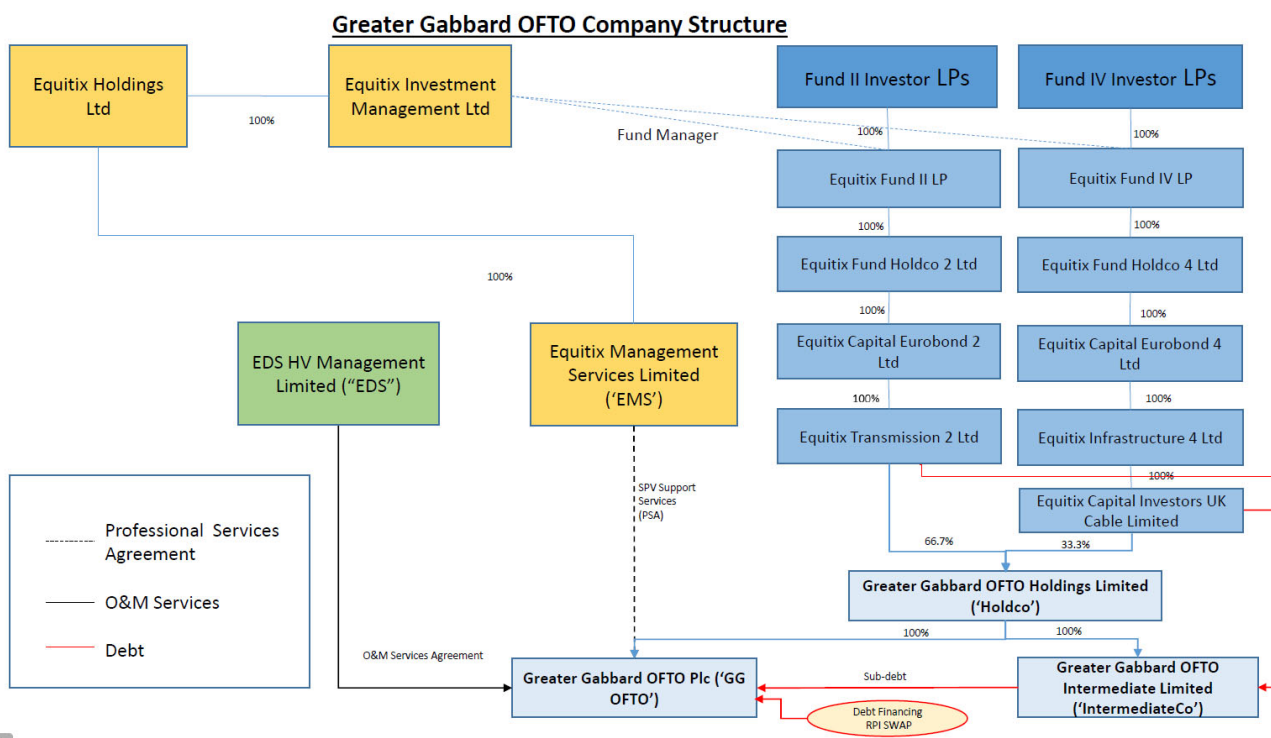
### 3 Managerial and operational independence (Amended Standard Condition E12-C2)

- 3.1 GG OFTO has put in place an organisational and governance structure to ensure that it maintains managerial and operational independence from any associated business as per the requirements of Amended Standard Condition E12-C2(4)(a).
- 3.2 GG OFTO is a separate legally incorporated company with its own board of directors as per the requirements of Amended Standard Condition E12-C2(5).
- 3.3 GG OFTO produces separate ring-fenced statutory financial statements.
- 3.4 GG OFTO is owned and operated as follows:
  - 3.4.1 Equitix Fund II LP (“the Equitix Parent II”) holds an indirect 66.7 per cent ownership interest in GG OFTO through Equitix Fund Holdco 2 Limited, Equitix Capital Eurobond 2 Limited, Equitix Transmission 2 Limited and GGOHL.
  - 3.4.2 Equitix Fund IV LP (“the Equitix Parent IV”) holds an indirect 33.3 per cent ownership interest in GGOL through Equitix Fund Holdco 4 Limited, Equitix Capital Eurobond 4 Limited, Equitix Infrastructure 4 Limited, Equitix Capital Investors UK Cable Limited and GGOHL.
  - 3.4.3 GGOHL holds a direct 100 per cent ownership interest in the Licensee and is owned indirectly in 66.7% by the Equitix Parent II and in 33.3% by the Equitix Parent IV.
  - 3.4.4 Greater Gabbard OFTO Intermediate Limited (“GGOIL”), a wholly owned subsidiary of GGOHL, provides certain financing arrangements to the Licensee.
  - 3.4.5 EDS HV Management Limited (“EDS”) is the principal contractor of the Licensee for all operations and maintenance services.
  - 3.4.6 Equitix Parent II and IV or any of their associated companies including EMS, are the principal contractors of the Licensee for all management services including asset management and financial management.
  - 3.4.7 Equitix Management Services Ltd (“EMS”) is the main principal contractor of the Licensee for all management services including General, Commercial Management, some asset management activities and all financial management. Should this change, this statement will be revised accordingly.
- 3.5 As specified in paragraphs 2.1 and 2.2, the Authority has issued a consent under paragraph 4(b) of Amended Standard Condition E12-C2 to allow associated businesses of GG OFTO to use and have access to the GG OFTO’s premises or parts of premises; systems for the recording, processing or storage of data; equipment, facilities and property employed or engaged in respect of the transmission business; and the services of persons who are engaged in management or operation of GG OFTO. The consent can be found here: <https://www.ofgem.gov.uk/node/73629/view>

# Compliance Statement

## Greater Gabbard OFTO Plc

### Compliance Statement



**Figure 1 – Corporate Structure**

- 3.6 GG OFTO's board of directors is comprised of two board members with board members appointed indirectly by each ultimate parent company of its shareholders (the Equitix Parent II, the Equitix Parent IV (together "Shareholder Parents")).
- 3.7 Neither of the Shareholder Parents controls an electricity undertaking which is a relevant producer or supplier (as those terms are defined in the Electricity and Gas (Internal Markets) Regulations 2011).
- 3.8 Each of the Shareholder Parents is a separate legal entity with its own board of directors. The Shareholder Parents are completely independent of each other.
- 3.9 EMS is affiliated entity that provides services to GG OFTO. The entity has its own board of directors which is separate from GG OFTO's board of directors.
- 3.10 None of the EDS directors serve or will serve as directors of GG OFTO or GGOHL.
- 3.11 None of the EMS directors serve or will serve as directors of GG OFTO or GGOHL.

## Greater Gabbard OFTO Plc

### Compliance Statement

- 3.12 Neither of the GG OFTO directors are or will also be a director of an electricity undertaking which is a relevant producer or supplier (as those terms are defined in the Electricity and Gas (Internal Markets) Regulations 2011).
- 3.13 EDS' relationship with GG OFTO is governed by an Operation and Maintenance ("O&M") agreement. The agreement ensures that any EDS staff providing services to GG OFTO work under direction and control of GG OFTO's board of directors.
- 3.14 EMS's relationship with GG OFTO is governed by a Professional Services agreement providing general, commercial management and financial services. The agreement ensures that EMS's employees who are seconded to GG OFTO work under direction and control of GG OFTO's board of directors.
- 3.15 GG OFTO's board of directors sets limits of authority for each of the EDS' and EMS's staff and the "Company Board Procedures" set out levels of authority and matters reserved either to GG OFTO's board of directors or the shareholders for decision.
- 3.16 The directors of GG OFTO are required at all times to act in accordance with their fiduciary duties in relation to any decision taken as directors. They must discharge their duties and make decisions as a director of GG OFTO in accordance with all applicable laws, codes, regulations and its Licence and without regard to the interests of any other business as per the requirements of Amended Standard Condition E12-C2(6).
- 3.17 The directors receive support and training as required to ensure that they fully understand their obligations to GG OFTO and in particular the relevant Licence obligations in respect of which GG OFTO must remain compliant. The importance of business separation has been explained and reinforced to the directors and they have and will continue to be provided with regular reports on compliance.
- 3.18 Discussions regarding the importance of compliance with the obligations of the Licence generally have been held and will continue to be held between the directors of GG OFTO and the independent Compliance Officer. The role of the Compliance Officer and the Compliance Committee is explained in more detail under Monitoring, Responsibility and Reporting (Chapter 7).

### 4 Conduct of the Transmission Business (Amended Standard Condition E12-C1)

4.1 In accordance with Amended Standard Condition E12 – C1 (Conduct of the Transmission Business), GG OFTO shall conduct its transmission business in the manner best calculated to secure that, in complying with its obligations under the Licence:

- GG OFTO;
- any affiliate or related undertaking of GG OFTO;
- any user of the national electricity transmission system; or
- any other transmission licensee

obtains no unfair commercial advantage including, in particular, any such advantage from a preferential or discriminatory arrangement, being, in the case of such an advantage accruing to GG OFTO, one in connection with a business other than its transmission business. GG OFTO is a special purpose vehicle (SPV) whose sole business is operating offshore transmission assets. GG OFTO has put in place systems and processes, in addition to those described above in section 3.17 and 3.18, to ensure compliance with Amended Standard Condition E12-C1 including those set out below.

4.2 Although GG OFTO does not have any direct employees, it has implemented processes to ensure that the relevant staff of its affiliates and related undertakings (including its principal contractors, EDS and EMS) shall conduct the transmission business in the manner best calculated to ensure that it complies with its Licence obligations. These processes include requiring all such relevant personnel to comply with the Compliance Policy (the “Policy”) set out in Appendix 1, which ensures that all relevant personnel are aware that obtaining any unfair commercial advantage is not permitted. Adherence with the Policy is monitored by the Compliance Officer.

4.3 Further, the Policy issued to all authorised persons sets out the Licence restrictions on the transfer of confidential information. Breaches of the Policy are subject to disciplinary procedures as appropriate and will be reported to the Authority.

4.4 The GG OFTO board of directors, through the Compliance Committee and Compliance Officer, monitors whether EDS and EMS fulfil their contractual compliance obligations to GG OFTO as outlined in the O&M agreement and the Professional Services agreement, including compliance with the Licence obligations of GG OFTO.

4.5 GG OFTO has received consent from the Authority to allow associated businesses of GG OFTO to have access to the use of premises, IT systems, equipment and staff providing services to GG OFTO. However, GG OFTO has developed and implemented arrangements to restrict access to the above to authorised persons who are engaged in management or operation of the transmission business or any external transmission activity and who require access to the information for that purpose. These arrangements secure the protection of confidential information. Procedures are in place to ensure that authorisation is removed when a member of staff leaves or changes their role.



## Greater Gabbard OFTO Plc

### Compliance Statement

- 4.6 EDS and EMS have developed a separate suite of documents that create a framework for GG OFTO management and operations. These documents include policy statements and operating procedures that address how authorised persons should approach various operating situations. Furthermore, in carrying out its activities EDS relies on certain management systems that it has established for operational management of GG OFTO.
- 4.7 In accordance with Amended Standard Condition E12-C1(2), GG OFTO shall secure and procure separate premises, equipment, systems for recording and storing data, facilities, staff and property from:
- those owned by a transmission licensee that, holds a co-ordination licence, and is responsible for co-ordinating and directing the flow of electricity onto or over the national electricity transmission system; and
  - those owned by any associated business of the licensee that is authorised to generate, or supply electricity.
- 4.8 As specified in sections 2.1, 2.2 and 3.5 above, the Authority has issued a consent under paragraph 4(b) of Amended Standard Condition E12-C2 to allow associated business of GG OFTO to use and have access to GG OFTO's premises or parts of premises; systems for the recording, processing or storage of data; equipment, facilities and property employed or engaged in respect of the transmission business; and the services of persons who are engaged in management or operation of GG OFTO. The consent can be found <https://www.ofgem.gov.uk/node/73629/view>.
- 4.9 In addition, where necessary and in connection with the operation of the transmission business, GG OFTO will provide use and access to certain of GG OFTO's premises, equipment, systems for recording and storing data, facilities, staff and property to third parties including, for example, Greater Gabbard Offshore Winds Limited and National Grid Electricity Transmission (UK) pursuant to the interface and other agreements executed with each of those parties.

## **5 Prohibition of Cross-subsidies (Standard Condition E6)**

- 5.1 GG OFTO acknowledges the prohibition imposed on cross-subsidies pursuant to Standard Condition E6. The governance and compliance procedures set out in this Statement (including the Compliance Policy) that are adopted by GG OFTO provide the board of directors with a reasonable assurance that the compliance with the conditions set out in Standard Condition E6 is and will continue to be achieved.
- 5.2 The only business which GG OFTO is engaged in is activities under its Licence. GG OFTO is a SPV and therefore the significant majority of its activities are governed by contracts and long-term debt funding requirements established at financial close. Such business activities are monitored by the board of directors and the independent funders who would require formal consultation before a significant change to the business would be allowed.
- 5.3 EMS provides services to GG OFTO in accordance with the Professional Services agreement. These services are provided and priced on an "arm's length" basis at market prices thus the arrangement does not breach Standard Condition E6. The pricing of the Professional Services agreement was established at financial close and formed part of the costing included within the retender submission for the Licence.
- 5.4 EDS provides services to GG OFTO in accordance with the O&M agreement for an annual fee. EDS subcontracts with other third parties in providing the O&M services thus the pricing of the O&M agreement is based on the prices offered by independent third parties eliminating the risk of cross subsidisation.
- 5.5 Regular reviews are undertaken by the GG OFTO board of directors through the Compliance Committee to ensure compliance with the terms of the O&M agreement and the Professional Services agreement.

### 6 Restriction on Activity and Financial Ring Fencing (Standard Condition E7)

- 6.1 GG OFTO acknowledges that under Standard Condition E7 of its Licence it is not permitted to conduct any business or carry on any activity other than the transmission business with the exception of those permitted by its Licence.
- 6.2 The principal exceptions referred to in the paragraph above relate to:
- investments in entities that carry out the transmission business of GG OFTO (as defined in Standard Condition E7(2)(a));
  - investments in subsidiaries that have the sole purpose of carrying out financing activities (as defined in Standard Condition E7(2)(b));
  - investments acquired in the normal course of GG OFTO's treasury activities, subject to GG OFTO maintaining in force, in relation to those operations, a system of internal controls (as defined in Standard Condition E7(2)(c)).
- 6.3 GG OFTO also understands that nothing in the Standard Condition E7 of its Licence should prevent:
- any affiliate in which GG OFTO does not hold shares or other investments from conducting any business or carrying on any activity (as defined in Standard Condition E7(3)(a));
  - GG OFTO from holding shares as, or performing the supervisory or management functions of, an investor in respect of any body corporate in which it holds an interest (as defined in Standard Condition E7(3)(b));
  - GG OFTO from performing the supervisory or management functions of a holding company in respect of any subsidiary (as defined in Standard Condition E7(3)(c));
  - GG OFTO from carrying on any other business activity to which the Authority has given its consent in writing (as defined in Standard Condition E7(3)(d));
  - GG OFTO or an affiliate or related undertaking in which GG OFTO holds shares or other investments from conducting de minimis business (as defined in Standard Condition E7(4)(a)) provided that certain limitations are not exceeded (as specified in Standard Condition E7(4)(b)).
- 6.4 GG OFTO will not conduct any other business apart from managing and operating transmission assets.
- 6.5 GG OFTO is an SPV which is established solely for the purpose of managing and operating Greater Gabbard offshore transmission assets. Under the financing documents and the shareholder agreement there are restrictions in place which prevent GG OFTO from carrying out any other business activities outside of managing and operating the transmission assets.
- 6.6 The directors are aware of the general prohibition relating to the carrying out of non-transmission business (subject to certain exceptions) and would not permit GG OFTO to engage in any prohibited activity. The Company Board Procedure document which is in place, informs the directors that Authority, funder, and shareholder consent is required prior to any acquisition of shares or other investments.
- 6.7 In accordance with Standard Condition E7, GG OFTO is ring-fenced. GG OFTO is a SPV financed through non-recourse project finance and established as a separate legal entity. The financial performance of GG OFTO is not dependent upon the financial performance of any unauthorised business.

### 7 Monitoring, responsibility and reporting

- 7.1 The board of directors of GG OFTO is responsible for ensuring that GG OFTO complies with the obligations of the Licence generally and this Statement in particular, and takes all reasonable steps to ensure compliance with the terms of this Statement.
- 7.2 GG OFTO has established a Compliance Committee (as required by Amended Standard Condition E12-C4 (4)) to specifically monitor compliance with the conditions of the Licence and the Compliance Committee reports to the board of directors for GG OFTO and GGOHL. The Compliance Committee is scheduled to meet on an annual basis and will consider any relevant reports from EDS, EMS and the Compliance Officer.
- 7.3 GG OFTO has appointed Henderson Loggie as an independent Compliance Officer (as required by Amended Standard Condition E12-C4 (1)). Henderson Loggie is responsible for facilitating compliance with certain conditions of the Licence, including the conditions set out in paragraph 1 of this Statement. This includes providing relevant advice and information to GG OFTO (including individuals on the board of directors) and its Compliance Committee (as specified in Amended Standard Condition E12-C4(7)(a)).
- 7.4 The Compliance Officer is a third party independent from the operational aspects of GG OFTO. The Compliance Officer is not engaged in the management or operation of the GG OFTO's transmission system or the activities of any associated business. This characteristic allows the Compliance Officer to form an objective view as to GG OFTO's compliance with the transmission business separation requirements of the Licence, which is independent of any views that may be expressed by the management or the GG OFTO board of directors. The Compliance Officer is also able to offer independent advice in relation to ad-hoc compliance issues which may arise.
- 7.5 The duties of the Compliance Officer are described in Amended Standard Condition E12-C4(7), and include, among others, the requirement to report annually to the Compliance Committee and to the GG OFTO board of directors as to its activities which will indicate GG OFTO's compliance or otherwise with the obligations of this Statement in particular. Thereafter, GG OFTO will report to the Authority and, amongst other matters, will confirm compliance or otherwise with the obligations of this Statement.
- 7.6 The Compliance Committee, the Compliance Officer and the GG OFTO board of directors monitor the activities of GG OFTO in relation to compliance with all Licence obligations.
- 7.7 GG OFTO produces an annual report of its compliance with the relevant duties during the year and its implementation of the practices, procedures and systems adopted in accordance with Amended Standard Licence Condition E12-C2(2). The report covers the requirements outlined in Amended Standard Licence Condition E12-C4(9) and is submitted to the Authority and published on GG OFTO's website as per the requirements of Amended Standard Licence Condition E12-C4(10).
- 7.8 In the event the Compliance Officer or any member of the Compliance Committee becomes aware of a Licence breach or potential breach, then an ad-hoc meeting of the Compliance Committee will be called to consider breach or potential breach. The Compliance Committee will make a recommendation to the GG OFTO board of directors and where appropriate the GG OFTO board of directors will be convened to consider the appropriate response.

## **8 Investigation of complaints regarding compliance with this Statement**

8.1 The Compliance Officer is also responsible for investigating all complaints in relation to compliance with this Statement and the Licence (as specified in Amended Standard Condition E12-C4(6)), and will be allocated such resources and assistance as it deems necessary to complete that investigation (as specified in Amended Standard Condition E12-C4(5)).

8.2 Any complaints or queries relating to business separation should be addressed in the first instance to:

The Compliance Officer  
Greater Gabbard OFTO plc  
200 Aldersgate Street  
3<sup>rd</sup> Floor South  
London  
EC1A 4JHD

# Greater Gabbard OFTO Plc

## Compliance Statement

### 9 Approval

- 9.1 The board of directors of GG OFTO has endorsed this Statement prior to its submission to the Authority for approval.

### Appendix I – Compliance Policy

- 1.1. The purpose of this Compliance Policy (“the Policy”) is to ensure that the directors and other relevant personnel are aware of and comply with the obligations of the Licence granted to Greater Gabbard OFTO plc (“GG OFTO”).
- 1.2. All relevant personnel are required to confirm their acceptance of and compliance with this Policy by signing a consent form.
- 1.3. Who must abide by the code?
  - 1.3.1. all directors of GG OFTO, or employees of its affiliates involved in any activities in relation to the transmission business of GG OFTO or the transmission business of GG OFTO's affiliates;
  - 1.3.2. employees and consultants of EDS engaged in the management and operation of GG OFTO's transmission business or the transmission business of any of GG OFTO's affiliates;
  - 1.3.3. employees and consultants of EMS engaged in the management and operation of GG OFTO's transmission business or the transmission business of any of GG OFTO's affiliates; and
  - 1.3.4. any other related businesses of those groups that may provide services for the purposes of the management and operation of the transmission business of GG OFTO or the transmission business of GG OFTO affiliates.
- 1.4. What requirements must relevant personnel abide by and where can these be found?
  - 1.4.1. GG OFTO's transmission licence
    - Standard Condition E6: Prohibition of Cross-subsidies;
    - Standard Condition E7: Restriction on Activity and Financial Ring Fencing;
    - Amended Standard Condition E12 – C1: Conduct of the Transmission Business; and
    - Amended Standard Condition E12 – C2: Separation and Independence of the Transmission Business;
  - 1.4.2. O&M agreement available from GG OFTO's Shareholder Representative or its Independent Compliance Officer.
  - 1.4.3. Professional Services agreement available from GG OFTO's Shareholder Representative or its Independent Compliance Officer.

# Greater Gabbard OFTO Plc

## Compliance Statement

1.5. What are the consequences of breaching these requirements?

1.5.1. Failure to comply could result in adverse consequences for GG OFTO, including:

- financial penalty;
- criminal prosecution;
- liability payments to a third party for breach of contract;
- investigations and other enforcement action by Ofgem;
- additional and more onerous Licence conditions;
- serious damage to GG OFTO's reputation

breach of this Policy will be treated as a disciplinary matter and will be reported to the Authority.

1.6. What should be done if a breach is discovered?

1.6.1. Any breach of the Policy by relevant personnel whether deliberate or unintentional, must be immediately reported to a member of the Compliance Committee of GG OFTO.

1.7. Confidential information

1.7.1. Any information relating to or deriving from the management or operation of GG OFTO's transmission business is to be treated as confidential and should not be disclosed except where GG OFTO and its affiliates are permitted to disclose information under GG OFTO's Licence including by virtue of:

- any requirement of a competent authority as defined in Amended Standard Condition E12 – C3 (Restriction on use of certain information) which term includes inter alia the Secretary of State, Ofgem and the Compliance Officer and would also include a stock exchange or financial regulator;
- conditions of the transmission licence granted to GG OFTO;
- any other requirement of law;
- the rules of the Electricity Arbitration Association or of any judicial or other arbitral process or tribunal of competent jurisdiction;
- information being provided by or relating to any person who has notified (or otherwise agreed with) GG OFTO that it need not be treated as confidential; and
- where information, not being provided by or relating to any person other than GG OFTO, is placed in the public domain or where such information is required for assisting the holder of a co-ordination licence (e.g. NGET), to prepare for and plan and develop the operation of the national electricity transmission system;



## Greater Gabbard OFTO Plc

### Compliance Statement

- 1.7.2. In this context transmission business includes the authorised businesses of GG OFTO or any affiliate or related undertaking in the planning or development or construction or operation or maintenance of a Licensee's transmission system.
- 1.7.3. It is therefore permissible to share information between authorised transmission businesses of GG OFTO, or any affiliate or related undertaking, with an authorised transmission business, for the purpose of the efficient planning or development or construction or operation or maintenance of GG OFTO's transmission system, provided that no unfair commercial advantage is obtained as stated in Amended Standard Condition E12-C1(1). Where a person is engaged in both, the business of GG OFTO and is an affiliate or related undertaking participating or intending to participate in a competitive tender exercise to be appointed as an offshore transmission owner, it is not permissible for the affiliate or related undertaking to use any information received by GG OFTO from NGET (or an analogous organisation) which is not generally available to other bidders. For the avoidance of doubt, general expertise gained from being involved in the business of GG OFTO may be used by an affiliate or related undertaking participating or intending to participate in a competitive tender exercise.
- 1.7.4. An unfair commercial advantage will be presumed where there is a financial benefit obtained by either GG OFTO or affiliate or related undertaking of GG OFTO entering into a commercial arrangement with GG OFTO since the date of licence grant and financial close where such an arrangement has not been benchmarked or market tested and is on materially different terms to any such similar arrangement entered into at licence grant and financial close and is based on the knowledge of information confidential to GG OFTO.
- 1.8. Relevant personnel must not:
- 1.8.1. provide information that is commercially confidential to GG OFTO to any affiliate or related undertaking of GG OFTO or that of any third party, except:
- to the extent that such information is required for the affiliate or related undertaking of GG OFTO (which is not a relevant producer or supplier) or third party to perform an activity under the terms of a contract which supports the management or operation of the transmission business licensed to GG OFTO provided the use of such information does not confer an unfair commercial advantage as set out above and where the provision of such information is governed by suitable confidentiality restrictions; or

## Greater Gabbard OFTO Plc

### Compliance Statement

- to personnel or any holder of a transmission licence engaged in the external transmission activities of that transmission licence holder, to the extent necessary for the performance by such personnel of those external transmission activities, and the use by such personnel of that information for that purpose provided the use of such information does not confer an unfair commercial advantage as set out above and where the provision of such information is governed by suitable confidentiality restrictions;
- to personnel engaged in the planning or development or construction or operation or maintenance of an external transmission system provided that the use of such information does not confer an unfair commercial advantage as set out above and where the provision of such information is governed by suitable confidentiality restrictions; or
- where otherwise permitted by GG OFTO's Licence;

1.8.2. procure any cross-subsidy to or from GG OFTO or any affiliate or related undertaking of GG OFTO whether by means of direct or indirect financial assistance, or non cost-reflective charges for services, use of facilities or otherwise; or

1.8.3. enter into any new commercial arrangement between GG OFTO and an affiliate or related undertaking after financial close unless it is on an arm's length basis and on normal commercial terms as approved through the related party contract authorisation process by GG OFTO's board of directors.

1.9. Where a person is engaged in both, the business of GG OFTO and is an affiliate or related undertaking participating or intending to participate in a tender for an external transmission system, it is not permissible for the affiliate or related undertaking to use any information received by GG OFTO from NGET (or an analogous organisation) which is not generally available to other bidders. For the avoidance of doubt, general expertise gained from being involved in the business of GG OFTO may be used by an affiliate or related undertaking participating in the tender process.

### 1.10. Relevant personnel must:

- 1.10.1. ensure that adequate records are maintained in respect of all new services provided to GG OFTO by affiliates or related undertakings since financial close so as to demonstrate the procedures followed to ensure such arrangements do not confer an unfair commercial advantage as set out above;
- 1.10.2. ensure that the reporting requirements as specified or implied by the terms of the Professional Services agreement are communicated in a timely manner, including:
  - immediate notification of any actual or potential regulatory breaches; and
  - in the manner, detail and frequency as agreed following implementation of the Professional Services agreement;
- 1.10.3. ensure that the cost of services under any new joint contracts entered into with an affiliate or related undertaking or a third party with GG OFTO and any other transmission business is fairly allocated to GG OFTO and each of the transmission businesses such that there is no cross-subsidy given to any transmission business.

### 1.11. Further guidance/advice

- 1.11.1. If you need further guidance, in the first instance speak to GG OFTO's General Manager or the Independent Compliance Officer.